

Box Elder Family Support Center

Financial Statements

For the Years Ended June 30, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Box Elder Family Support Center
Brigham City, Utah

I have audited the accompanying statement of financial position of the Box Elder Family Support Center (a nonprofit corporation) as of June 30, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Box Elder Family Support Center's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Box Elder Family Support Center as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 26, 2012, on my consideration of Box Elder Family Support Center's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Matthew Regen, CPA, PC



September 26, 2012

BOX ELDER FAMILY SUPPORT CENTER
(A nonprofit corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 123,392	129,597
Grants receivable	7,104	19,554
Prepaid expenses	<u>873</u>	<u>873</u>
Total current assets	<u>131,369</u>	<u>150,024</u>
Property and equipment:		
Furniture and equipment	23,395	23,395
Building and improvements	216,344	216,344
Land	27,000	27,000
Less accumulated depreciation	<u>(109,807)</u>	<u>(100,594)</u>
Total property and equipment	<u>156,932</u>	<u>166,145</u>
Total assets	<u>\$ 288,301</u>	<u>316,169</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,795	4,144
Current portion of long-term debt	<u>1,296</u>	<u>1,283</u>
Total current liabilities	<u>7,091</u>	<u>5,427</u>
Long-term debt	<u>14,176</u>	<u>15,472</u>
Total liabilities	21,267	20,899
 <u>Net Assets</u>		
Unrestricted	267,034	295,270
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>267,034</u>	<u>295,270</u>
Total liabilities and net assets	<u>\$ 288,301</u>	<u>316,169</u>

The accompanying notes are an integral part of these financial statements.

BOX ELDER FAMILY SUPPORT CENTER
(A nonprofit corporation)
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Unrestricted		Temporarily Restricted		Permanently Restricted		Totals	
Support, revenue and reclassifications:								
Utah Division of Child & Family Services	\$ -	-	148,944	168,496	-	-	148,944	168,496
Private donations	12,612	17,351	-	-	-	-	12,612	17,351
Utah State University	12,360	-	-	17,146	-	-	12,360	17,146
United Way	4,852	7,146	-	-	-	-	4,852	7,146
Bear River Association of Govts	2,600	2,600	-	-	-	-	2,600	2,600
Interest income	935	905	-	-	-	-	935	905
Net assets released from restrictions:							-	-
Satisfaction of restrictions	148,944	189,422	(148,944)	(189,422)	-	-	-	-
Total support, revenue and reclassifications	182,303	217,424	-	(3,780)	-	-	182,303	213,644
Expenses:								
Program services	191,253	226,212	-	-	-	-	191,253	226,212
General and administrative	9,011	10,658	-	-	-	-	9,011	10,658
Fundraising	10,274	12,152	-	-	-	-	10,274	12,152
Total expenses	210,539	249,023	-	-	-	-	210,539	249,023
Change in net assets	(28,236)	(31,599)	-	(3,780)	-	-	(28,236)	(35,379)
Net assets - beginning of year	295,270	326,869	-	3,780	-	-	295,270	330,649
Net assets - end of year	\$ 267,034	295,270	-	-	-	-	267,034	295,270

The accompanying notes are an integral part of these financial statements.

BOX ELDER FAMILY SUPPORT CENTER
(A nonprofit corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>Program Services</u>		<u>General and Administrative</u>		<u>Fundraising</u>		<u>Totals</u>	
Expenses:								
Payroll:								
Salaries and wages	\$ 131,950	152,568	6,217	7,189	7,088	8,196	145,256	167,953
Payroll taxes	10,413	11,803	491	556	559	634	11,463	12,993
Employee benefits	<u>2,674</u>	<u>7,142</u>	<u>126</u>	<u>337</u>	<u>144</u>	<u>384</u>	<u>2,944</u>	<u>7,862</u>
Total payroll expenses	<u>145,038</u>	<u>171,513</u>	<u>6,834</u>	<u>8,081</u>	<u>7,791</u>	<u>9,214</u>	<u>159,663</u>	<u>188,808</u>
Other expenses:								
Program supplies and expenses	15,384	16,977	725	800	826	912	16,935	18,689
Depreciation	8,369	11,481	394	541	450	617	9,213	12,639
Insurance	4,497	8,010	212	377	242	430	4,950	8,817
Professional fees	3,634	4,745	171	224	195	255	4,000	5,224
Utilities	3,449	3,881	163	183	185	208	3,797	4,272
Telephone	3,214	3,114	151	147	173	167	3,538	3,428
Office expense	2,789	861	131	92	150	46	3,070	999
Travel	2,092	1,949	99	76	112	105	2,303	2,130
Advertising	1,411	1,605	66	41	76	86	1,553	1,732
Training	610	818	29	39	33	44	672	900
Licenses	509	461	24	22	27	25	560	508
Repairs and maintenance	<u>259</u>	<u>797</u>	<u>12</u>	<u>38</u>	<u>14</u>	<u>43</u>	<u>285</u>	<u>877</u>
Total other expenses	<u>46,216</u>	<u>54,699</u>	<u>2,178</u>	<u>2,577</u>	<u>2,483</u>	<u>2,938</u>	<u>50,876</u>	<u>60,215</u>
Total expenses	\$ <u>191,253</u>	<u>226,212</u>	<u>9,011</u>	<u>10,658</u>	<u>10,274</u>	<u>12,152</u>	<u>210,539</u>	<u>249,023</u>

The accompanying notes are an integral part of these financial statements.

BOX ELDER FAMILY SUPPORT CENTER
(A nonprofit corporation)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ (28,236)	(35,379)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,213	12,639
Decrease (increase) in grants receivable	12,450	(4,232)
Increase (decrease) in accounts payable and accrued liabilities	<u>1,651</u>	<u>(3,847)</u>
Net cash used by operating activities	<u>(4,922)</u>	<u>(30,819)</u>
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	<u>-</u>	<u>-</u>
Net cash used by investing activities	<u>-</u>	<u>-</u>
<u>Cash flows from financing activities:</u>		
Payments on long-term debt	<u>(1,283)</u>	<u>(1,271)</u>
Net cash used in financing activities	<u>(1,283)</u>	<u>(1,271)</u>
Net decrease in cash and cash equivalents	(6,205)	(32,090)
Cash and cash equivalents at beginning of year	<u>129,597</u>	<u>161,687</u>
Cash and cash equivalents at end of year	\$ <u><u>123,392</u></u>	<u><u>129,597</u></u>
<u>Supplemental disclosures:</u>		
Interest paid	\$ <u><u>162</u></u>	<u><u>175</u></u>

The accompanying notes are an integral part of these financial statements.

BOX ELDER FAMILY SUPPORT CENTER
(A nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

Note 1 – Summary of Significant Accounting Policies

Nature of Organization

Box Elder Family Support Center (the Organization) was incorporated under the laws of the state of Utah as a nonprofit corporation. The mission of the Organization is to provide education and supportive services to strengthen the family unit and enhance family functioning by providing short-term respite and emergency care, parenting classes and in-home parenting instruction to families.

Basis of Presentation

Financial statement preparation follows the recommendations of the Financial Accounting Standards Board in FASB ASC 958 (formerly SFAS No. 117). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line and accelerated methods over the following estimated useful lives:

Furniture and office equipment	5 - 7 Years
Building and improvements	10 - 32 Years

Property and equipment whose value exceeds \$1,000 is capitalized. All other property and equipment is expensed when purchased.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designed for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

BOX ELDER FAMILY SUPPORT CENTER
(A nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

Note 1 – Summary of Significant Accounting Policies (continued)

Advertising

The Organization expenses advertising as incurred. Advertising expenditures for the years ended June 30, 2012 and 2011 were \$1,553 and \$1,732, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments. The carrying value of cash and cash equivalents approximates fair value because of the short maturities and liquidity of those financial instruments.

Income Taxes

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal or state income taxes in the accompanying financial statements.

Subsequent Events

The Organization has evaluated all subsequent events through September 26, 2012, the date the financial statements were available to be issued.

Note 2 – Concentration of Credit Risk

The Organization maintains its cash in several bank deposit accounts. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On June 30, 2012, all bank balances were covered by the FDIC insurance.

BOX ELDER FAMILY SUPPORT CENTER
(A nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

Note 3 – Other Concentrations

The Organization operates in a heavily regulated environment and is subject to the administrative directives, rules, and regulations of the federal, state, and local government agencies. Such administrative directives, rules, and regulations are subject to change with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

The Organization receives the majority of its revenue through state grants. Any decrease in the amount of state funding will adversely affect the operations of the Organization.

Note 4 – Long-Term Debt

Note payable to the Utah State Division of Finance, due monthly installments of \$120, including interest at 1.0%, through September of 2023, secured by a deed of trust.

	<u>Amount</u>
Total	\$ 15,472
Less current portion	<u>(1,296)</u>
Long-term portion	<u>\$ 14,176</u>

Maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2013	1,296
2014	1,309
2015	1,323
2016	1,336
Thereafter	10,208
Total	\$ <u>15,472</u>

BOX ELDER FAMILY SUPPORT CENTER
(A nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that they be used for specific programs. When a restriction has been satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets on June 30, 2012.

Note 6 – Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GOVERNMENTAL AUDIT REPORT

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Box Elder Family Support Center
Brigham City, Utah

I have audited the financial statements of the Box Elder Family Support Center (the Organization) as of and for the year ended June 30, 2012 and 2011, and have issued my report thereon dated September 26, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Organization's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies described in the accompanying management letter to be material weaknesses.

My consideration of the internal control was for the limited purpose described in the first paragraph, and was not designed to identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all such deficiencies have been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not

express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I also noted certain matters that I have reported to the management of the Organization in a separate letter dated September 26, 2012.

This report is intended solely for the information and use of the management of the Organization, the Board of Directors, and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

MATTHEW REGEN, CPA, PC

A handwritten signature in blue ink that reads "Matthew Regen, CPA, PC". The signature is written in a cursive style with the first letters of the first and last names being capitalized and prominent.

September 26, 2012

STATE COMPLIANCE REPORT

Independent Auditor's Report on Compliance
In Accordance with the State of Utah Legal Compliance Audit Guide

To the Board of Directors
Box Elder Family Support Center
Brigham City, Utah

I have audited the Box Elder Family Support Center's (the Organization), compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the years ended June 30, 2012 and 2011. The general compliance requirements applicable to the Organization are identified as follows:

Crisis Nursery/Respite Care (Utah Department of Human Services)

The Organization received the following major assistance programs from the State of Utah:

Outreach/Parent Advocate (Utah Department of Human Services)
Safe & Stable Families (Utah Department of Human Services)
Children's Trust Account Funds (Utah Department of Human Services)
State Shelter Care (Utah Department of Human Services)

Compliance with the requirements referred to above is the responsibility of the Organization's management. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Organization's compliance with those requirements.

In my opinion, the Organization complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the years ended June 30, 2012 and 2011.

This report is intended solely for the information and use of management of the Organization and the Office of the Utah State Auditor and is not intended to be and should not be used by anyone

other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

MATTHEW REGEN, CPA, PC

Matthew Regen, CPA, PC

September 26, 2012

MATTHEW REGEN, CPA, PC

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September 26, 2012

To the Board of Directors
Box Elder Family Support Center
Brigham City, Utah

In planning and performing my audit of the financial statements of the Box Elder Family Support Center (the Organization) for the years ended June 30, 2012 and 2011, I observed certain matters related to internal control structure. My observations and recommendations are summarized below.

Current Year Recommendations

Finding: *Audit Adjustments (Material weakness)* – While conducting the audit I identified several accounts that needed to be adjusted. These adjustments were not originally identified by accounting personnel or management and, therefore, represent a material weakness in the design and operation of your internal controls over financial reporting.

Recommendation: I recommend that you provide training to accounting personnel to ensure that they have the proper knowledge of GAAP to record complex transactions.

Management response: The Organization does not have the resources to design an internal control system in accordance with GAAP. When practical and when resources permit, management will provide proper training for accounting personnel.

Prior Year Recommendations

Finding: *Audit Adjustments (Material weakness)* – While conducting the audit I identified several accounts that needed to be adjusted. These adjustments were not originally identified by accounting personnel or management and, therefore, represent a material weakness in the design and operation of your internal controls over financial reporting.

Recommendation: I recommend that you provide training to accounting personnel to ensure that they have the proper knowledge of GAAP to record complex transactions.

Management response: The CFSC does not have the resources to design an internal control system in accordance with GAAP. When practical and when resources permit, management will provide proper training for accounting personnel.

Status: This remains a finding for the current year.

In conclusion, I appreciate the assistance of all Box Elder Family Support Center personnel who were involved in this audit. I would especially like to recognize Katy Bonds for her hard work and cooperation. Thank you for the opportunity to serve you.

Sincerely,

MATTHEW REGEN, CPA, PC